

JANE E. LUCKHARDT

April 24, 2002

BY HAND

Robert Pernell
Commissioner & Presiding Member
Arthur H. Rosenfeld
Commissioner & Associate Member
California Energy Commission
1516 9th Street
Sacramento, CA 95814

Re: SMUD - Cosumnes Power Plant, 01-AFC-19
Our Ref. : 00780.00138

Dear Commissioners Pernell and Rosenfeld:

Enclosed please find **SMUD Cosumnes Power Plant Status Report #1** in the above-entitled matter for docketing. If you have any questions regarding this documents, please do not hesitate to call.

Very truly yours,

DOWNEY, BRAND, SEYMOUR & ROHWER LLP

Jane E. Luckhardt

JEL:ln
Enclosure

cc: Docket Office (original plus 13, 1 for endorsed return)
Kristy Chew, Project Manager
Garret Shean, Hearing Officer
Caryn Holmes, Staff Counsel
Service List

446465.1

SMUD COSUMNES POWER PLANT PROJECT (01-AFC-19)
STATUS REPORT #1

The Sacramento Municipal Utility District (Applicant) has prepared this Status Report to provide the Committee with an update on the licensing progress of the Cosumnes Power Plant (CPP) Project. This status report addresses the issue areas identified in the CEC Staff's Status Report #1 issued April 10, 2002.

As stated in Staff's Status Report, the Applicant concurs with the CEC Staff's revised Preliminary Staff Assessment (PSA) release date of May 17, 2001. Although the Applicant recognizes that the Staff's analysis in some issue areas will be incomplete when the PSA is issued on May 17, 2002, Applicant believes that issuance of the PSA at this time is necessary to maintain project schedule.

As a non-profit municipal utility, the Applicant is obligated to plan for and provide energy services in the region. The CPP project is part of the Applicant's long-range energy plans. Its purpose is to meet the growing power demands of its residential and industrial customer-owners by providing them with a cost-effective, long-term power supply. In addition, it will ensure against fluctuating market prices and provide voltage support and local reliability. When the plant becomes operational in 2005, it will replace existing higher cost power purchase agreements. Due to the importance of this project to the Applicant and its customer-owners, it is essential that the project schedule for the CPP project be maintained.

PROJECT DESCRIPTION

To ensure that sufficient gas can be delivered for Phase II of the project, the Applicant proposes that two gas compressors be installed on SMUD's existing 52-mile natural gas pipeline at its interconnect point in Winters and near the CPP pipeline connection in Elk Grove. The Staff has requested additional information about the gas compressors, and on April 15, 2002, the Applicant provided this information to the Staff as AFC Supplement B. The information covered all technical areas analyzed by the CEC.

To mitigate potential impacts associated with construction traffic and the school bus routes for both Arcohe Union Elementary and Galt Joint Union High School, as well as to address concerns expressed by the public, the Applicant is proposing an alternate project construction route for the project site. This route will redirect construction traffic away from the inhabited portion of Clay East Road and a portion of Twin Cities Road, and use the entrance to Rancho Seco. Information on this route was submitted on April 15, 2002 as AFC Supplement B.

AIR QUALITY

On May 6, 2002, SMUD will submit information to the CEC on its air emission offsets package. Several of the Staff's concerns regarding the project's ERCs will be addressed. Specifically, on April 11, 2002, the Placer County Board of Supervisors approved the Applicant's use of the emission reduction credits derived from Placer County. The Sacramento Metropolitan Air Quality Management District previously stated that this approval was necessary prior to the issuance of its Preliminary Determination of Compliance.

CULTURAL RESOURCES

As stated in the Staff's Status Report, the Applicant is preparing a presence/absence testing plan for culturally sensitive areas along the gas pipeline route. The Applicant has submitted the testing plan to the CEC staff and is working with them to incorporate staff's comments. In addition, the Applicant has been working with representatives of the Miwok tribe to address their concerns. On April 10, 2002, the Applicant docketed a letter from the Ione Band of Miwoks stating that the tribe will assume responsibility for cultural oversight and will have monitors present during the presence/absence testing and project construction.

Completion of the presence/absence testing (originally scheduled for the week of April 22) is contingent on the schedule of the Miwok tribe representatives. The Applicant has been asked to reschedule testing because of a death of one of the tribe members. With this change, the testing should be completed by the end of May. The Applicant will continue to work with the CEC and the Miwok tribe to determine appropriate mitigation for impacts to cultural resources.

NOISE

On April 15, 2002, the Applicant filed the noise modeling analyses for the revised site arrangement and the natural gas compressor stations required for Phase II of the project. There is no increase in plant noise levels due to the change in general arrangement (addressed in AFC Supplement A). The gas compressors will be housed within acoustical barriers or an acoustical enclosure to ensure that the noise from normal operation of the gas compressors results in less than a 5-dBA increase in the average L90 at the nearest sensitive receptor.

PUBLIC HEALTH

In March, the Applicant provided the Staff with a Phase I Environmental Site Assessment (ESA) for the project site. The site assessment indicated that there are no areas of environmental concern warranting further investigation. However, the Staff has requested additional information regarding conclusions/recommendations. The Applicant submitted a revised Phase I ESA on April 15, 2002, specifically stating the conclusion that no further action is warranted. The type of sampling requested by staff is typical of a Phase II site assessment, which in this

case, is not warranted given the Phase I ESA results. SMUD will provide existing documentation of the lack of radiological contamination of the CPP site.

The CEC Staff and the Applicant are arranging a meeting with representatives of the Department of Toxic Substances Control (DTSC) regarding DTSC's request for an ESA along the 26-mile natural gas pipeline. It is the Applicant's understanding that the DTSC is concerned about workers' being exposed to railroad-contaminated soil during construction of that portion of the gas pipeline that parallels the railroad tracks. However, it is the Applicant's opinion that Phase II type soil testing is not warranted unless there is a specific area of concern. The Applicant also does not believe that Phase II testing is warranted because the gas line will be more than 35 feet from the railroad track centerline. The meeting with DTSC will address this issue.

TRANSMISSION SYSTEM ENGINEERING

Given the uncertainty of the Rio Linda, Colusa, and Roseville projects, the Staff has requested that additional transmission sensitivity studies be run. The Applicant has submitted two studies to the CEC, one of which encompasses the apparent worst cases. The worst case study showed some impacts with all power plants operating, but the study does not include each of those projects' mitigation plans since they are not known. The Staff also requested fault current and stability studies, which the Applicant has also conducted. These studies indicated negligible impacts. The results of these studies will be submitted to Staff in response to Data Request Set 4.

BIOLOGICAL RESOURCES

The Applicant is currently conducting spring surveys along the natural gas pipeline route as seasonally appropriate (plants bloom during specific seasons). The spring surveys for the plant site have already been conducted. The spring surveys for the pipeline are being conducted this year because last spring the pipeline placement within the proposed corridor was not completely defined. However regional surveys last year were used to define areas of likely biological sensitivity and these areas are avoided by the alignment now proposed.

The exact timing for the spring surveys is seasonally dependent. Thus, the times when they may be conducted are outside of the Applicant's control, and for most species are not necessary to determine impacts. Swainsons' hawk, burrowing owl and giant garter snake are known to occur in the region in appropriate habitats, and the Applicant has designed the project to minimize impacts to these types of habitats. The Applicant will submit survey results to the CEC as soon as possible after they have been completed. It is anticipated that seasonally appropriate surveys will be completed and the results submitted by June 10, 2002.

A wetland delineation of the 26-mile gas pipeline and project site has been completed. Although the U.S. Army Corps of Engineers (USACOE) does not require that this information be overlaid on photos, this is a convenient way to present the data. It was not possible to acquire orthographically corrected aerial photos of the pipeline prior to wetland delineations.

Jurisdictional wetlands are delineated in the field using real time corrected Global Positioning System (GPS), and these data are overlaid on non-corrected photos. These were submitted to Staff on March 29, 2002. In these aerial photos, the GPS outlines of features are accurate and precise, but do not match the photos, which are distorted. Orthographic photos of this type have typically been part of the compliance phase and have not been available prior to the PSA as CEC staff is requesting for this project. The Applicant has contracted for orthographic corrected photographs, but they are not expected to be ready prior to the PSA. A precise overlay is being done and will be submitted to staff by late-May.

Finally, the Applicant has prepared a draft Biological Assessment in support of the USACOE's consultation with the U.S. Fish and Wildlife Service pursuant to Endangered Species Act Section 7. The Applicant anticipates submitting it to the USACOE and upon concurrence by USACOE, to CEC Staff by late April.

WATER AND SOILS

The Applicant is proposing to use 8,000 acre-feet/year of water from the Folsom-South Canal. An existing water service contract between the Applicant and the U.S. Bureau of Reclamation (USBR), dated November 20, 1970, provides for a delivery of a maximum of 75,000 acre-feet per year through Folsom-South Canal to the site. When the Folsom-South Canal was designed and completed in 1972, the Applicant had intended to eventually be able to build a large enough powerplant(s) to generate 3,000 MW of power at Rancho Seco site. The amount of water available under the water service agreement would enable this amount of electricity to be generated.

As a contractual water right holder of the American River and the owner/operator of nine hydro-electric plants, the Applicant is actively involved with the organizations and programs pertaining to improving the environmental health of the American River, while protecting the reliability and quality of water supplies for existing and increasing demands on the American River water. For example, the Applicant is a participant to the Water Forum Agreement, an agreement signed by 40 stakeholder organizations/agencies with the objectives of: 1) providing a reliable and safe water supply for the region's economic health and planned development; and 2) preserving the fishery, wildlife, recreational, and aesthetic values of the lower American River. The Applicant also participates in the Water Forum Successor Efforts, as a representative of the Water Forum Coordinating Committee, which manages the major activities of the Water Forum.

The Applicant has filed numerous data responses to address Staff's concerns regarding the project's water supply. The Applicant is concerned about the Staff's interest in the use of dry-cooling or reclaimed water due to the environmental impact, energy inefficiency, and the increased cost to the project. Since the Applicant is a municipal utility, these costs are ultimately borne by its customer-owners.

The Applicant is also addressing other issues associated with the project's water supply and wastewater discharge. With regard to the project's National Pollution Discharge Elimination System (NPDES) permit application, a meeting with the Regional Water Quality Control Board

(RWQCB) is scheduled for early May 2002. This meeting should resolve questions regarding the information needed to complete the NPDES application. Shortly thereafter Applicant expects to obtain an official determination that the NPDES application is complete.

The Applicant intends to address the CEC Staff's other Water Resources information requests in Data Responses to be filed on May 6, 2002.

CONCLUSION

The Applicant will continue to work with the Staff and address their Data Requests to ensure that the PSA is a complete as possible. SMUD proposes the attached schedule for the Committee to consider.

Respectfully submitted,

Dated:

By _____

Jane E. Luckhardt
Project Counsel

APPLICANT'S PROPOSED SCHEDULE

Item	Activity	Day	Calendar Day	Done
1	Applicant file Application for Certification (AFC)	-62	September 13, 2001	✓
2	Executive Director's recommendation on data adequacy	-5	November 9, 2001	✓
3	Decision on data adequacy at business meeting	0	November 14, 2001	✓
4	Staff filed data requests (round 1)	26	December 10, 2001	✓
5	Staff files Issues Identification Report	28	December 12, 2001	✓
6	Informational hearing, site visit	35	December 19, 2001	✓
7	Staff files data request (round 2)	51	January 4, 2002	✓
8	Applicant files data request responses (round 1)	56	January 9, 2002	✓
9	Data response and issue resolution workshop (round 1)	70	January 23/24, 2002	✓
10	Applicant files revised System Impact Study	72	January 25, 2002	✓
11	Applicant files data request responses (round 2)	82	February 4, 2002	✓
12	Applicant files AFC Supplement A	121	March 15, 2002	✓
13	Staff files data request (round 3)	142	April 5, 2002	✓
14	Staff files Status Report 1	147	April 10, 2002	✓
15	Staff files data requests (round 4)	147	April 10, 2002	✓
16	Applicant files AFC Supplement B	152	April 15, 2002	✓
17	Applicant files partial data request responses (round 3)	152	April 15, 2002	✓
18	Applicant files Status Report 1	159	April 22, 2002	✓
19	Applicant files data request responses (round 3)	173	May 6, 2002	
20	Applicant files data request responses (round 4)	177	May 10, 2002	
21	Preliminary Staff Assessment filed	184	May 17, 2002	
22	Local, state, and federal agency actions (e.g., draft Biological Assessment, Preliminary Determination of Compliance, completed NPDES permit application)	195	May 28, 2002	
23	Preliminary Staff Assessment workshops	205-219	June 7, 2002 – June 21, 2002	
24	Local, state, and federal agency final proposed mitigation	226	June 28, 2002	
25	Final Staff Assessment filed	243	July 15, 2002	
26	Evidentiary Hearings	257-268	July 29, 2002 – August 9, 2002	

Note: Applicant's Proposed Schedule coincides with Staff's Proposed Schedule issued December 12, 2002 up until Item 12. Local, state and federal agency draft actions have been delayed. Applicant's schedule coincides closely with Staff's Proposed Schedule after issuance of PSA on May 17th, with the exception of agency actions and final proposed mitigation issue dates.